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Agriculture After the War No: 5.

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Cp. 2SELLING FARM PRODUCTS ABROAD AFTER THE WAR

Transcription by Andrew Cairns, Secretary of the International Wheat Council; Robert B. Schwenger, Department of Agriculture's Office of Foreign Agricultural Relations; and Wallace Kadderly, Department of Agriculture's Radio Service.
Time: Ten minutes and 19 seconds. Recorded: December 19, 1944.

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ANNOUNCER (LIVE) We may well "point with pride" to the record crop of food and fiber farm people produced in 1944. That job was a wartime challenge to American farmers the whole world was watching. The way farm people met the challenge proved that our farms make up the largest food factory in the world. Our biggest job is still to win the war. Swords still come ahead of plough shares. But one day the war'll be over. Then we'll face another challenge -- the challenge of foreign trade expansion. That challenge may be as important to Peace as the wartime agricultural challenge was to Victory. All over the United States, people seriously interested in farm problems are thinking ahead to this challenge and how it may be met. Today, let's hear something about it, by transcription, from the United States Department of Agriculture. Wallace Kadderly, in Washington, will you start us off?

TRANSCRIPTION:

KADDERLY: First, I'd like the people with me to tell you who they are

SCHWENGER: I'm Robert Schwenger of the Office of Foreign Agricultural Relations of the Department of Agriculture. . . .

CAIRNS: I'm Andrew Cairns of Canada. I'm in Washington as Secretary of the International Wheat Council. This whole subject is of great interest to me. All countries have a stake in buying and selling in world markets after the war. And the way things look now, both Canada and the United States will have to think hard about what they're going to buy from other countries if they don't want their plans for selling abroad knocked into a cocked hat.

Andy,

KADDERLY: / I'd say that's leading off with a bang!

Now, Bob, do you think this problem will be greater after the war than it has been in the past before the war?

SCHWENGER: It may very well be. World production of food has been somewhat increased during the war. Increases in the United States and Canada have been especially big.

CAIRNS: And of course, we mustn't forget the very great increase that's taken place in Great Britain.

KADDERLY: Yes, the British farmers have done a remarkable job. But in some countries there have been decreases in food production. These decreases would offset the increases to some extent.

SCHWENGER: Probably so. Our data on some of the areas cut off by the war are not very good, but it is doubtful if the decreases, taken as a whole, are very great. Besides, there's every reason to expect those countries to come back to their former level of production soon after the war is over.

KADDERLY: That sounds as if we might have world surpluses again; and that it may be difficult for us to sell farm products abroad. Not a bright prospect when you consider how much our farmers have done to increase production while we needed it during the war.

Now, Bob, wouldn't you say it's reasonable to expect that farmers of the United States will continue to produce much more than they produced before the war? Many experienced farm workers are going to come back to the farm; a great deal of worn-out equipment is going to be replaced with new, improved power machinery.

SCHWENGER: No doubt about it -- American farmers have the resources and the ability to produce abundantly, and naturally they will want to do it.

KADDERLY: And the problem is to make this production for abundance serve the national economy in peace time. The question, then, is: where will we find markets to dispose of this large volume of farm products?

SCHWENGER: There are just two outlets. The market here at home -- the domestic market. And the market abroad -- the foreign market. I believe we have to count on both of them.

KADDERLY: As far as the domestic market is concerned, full industrial employment is the best answer. But that's another subject. One in itself. The outlet we want to concentrate on here is foreign markets. Many people think the export market will absorb enough so that we can continue our present high level of farm production after the war. And that's where the challenge lies . . . in how to expand foreign markets for our farm production.

CAIRNS: That challenge will face all countries after the war. And debtor countries, like Australia and New Zealand, will meet it much easier than creditor countries like Canada and the United States.

SCHWENGER: That's right, Andy. We are especially conscious of that in the United States because foreign nations are going to be owing us so many dollars. If we expect them to have dollars to pay for what we export to them, we have to import in a big way. Imports will depend on full industrial employment, too. We'll also have to be willing to cooperate with other countries to get tariffs reduced.

KADDERLY: Not only tariffs -- but trade barriers of all kinds . . . import quotas and exchange controls, and blocked balances, and so on . . .

SCHWENGER: The difficulty is that when it comes to agricultural products, programs to expand international trade often run head on into basic national agricultural policies.

KADDERLY: Meaning the principle of price supports?

SCHWENGER: Yes, the principle of supporting prices in one way or another. Governments of most countries are coming to recognize that farm producers are entitled to a fair return for their efforts.

KADDERLY: And of course there are a number of ways of putting that principle into practice.

SCHWENGER: Sure -- and all countries don't use the same methods. But -- no government will want to let down farmers who have come through to meet the war emergency. In the United States, Congress has adopted the principle of support prices as one means of assuring farmers a fair return.

CAIRNS: Canada has price-support legislation for farm products, too. We passed a law last year that provides authority and creates machinery for the Canadian Government to support farm prices through the transition from war to peace. You'll find price support plans of one type or another throughout the British Commonwealth; in the United Kingdom; in Australia; in New Zealand; in South Africa; in Newfoundland....and in many colonial areas.

KADDERLY: Andy, the Ottawa Conference back in 1932 brought about a lot of changes in this direction

CAIRNS: Yes -- following the Ottawa Conference, the United Kingdom adopted a whole complex of arrangements to improve the lot of British farmers. These included production subsidies, processing taxes, import quotas and soil improvement incentive payments. Many United Kingdom farmers were nearly bankrupted by the depression of the early thirties. At the outbreak of the present war, the United Kingdom adopted what is virtually a system of state trading, with buying and selling carried on through the Ministry of Food, the Ministry of Supply, and other Government agencies. Many will favor the continuation of these agencies during at least the transition period.

KADDERLY: What you gentlemen say leads me to ask this question: How will this principle of supporting prices of farm products . . . that you expect to be followed after the war . . . how will this affect foreign trade in agricultural products?

SCHWENGER: I'll try my hand at that one. If you support prices in an exporting country materially above the prices at which competing countries are willing to sell, the country with the price support is likely to lose its foreign market to its competitors.

KADDERLY: Can't the exporting country get around that to some extent by making payments on its exports?

SCHWENGER: Yes, to some extent. In fact, where an exporting country supports prices above world levels, it has to make export payments or subsidies if it wants to sell abroad. That is, unless singly or in cooperation with other Nations it takes steps to offset the effect of these price supports on world trade. Furthermore, the exporting country has to throw up some sort of import barrier, if it wants to keep other countries from unloading their surplus in its market.

KADDERLY: Wait a minute, here, Bob! Let me get this straight. On the one hand, our price support policy gives our farmers a price for some products that is above the world price. On the other hand, we're trying to expand world trade. Yet you've said that a high domestic farm price policy may cause us to lose out in the race for export markets. That leaves us in a sort of a dilemma, seems to me.

SCHWENGER: It does -- and the dilemma is made more difficult by the fact that other countries are also trying to maintain good prices for their farmers. In the importing countries, they do it by cutting down their imports in one way or another. They are particularly anxious to do this because they want to be self-sufficient. That is, they want to be able to produce enough food for themselves in case they are cut off by another war. It is hard to see how to get around this dilemma unless the different countries get together and cooperate to offset the effect on trade of their various farm price and farm income supports.

KADDERLY: Then, what's the answer?

CAIRNS: There's a partial answer . . . at least for a limited number of farm products that may be in surplus supply after the war. I can illustrate it by the International Wheat Agreement that Argentina, Australia, Canada, the United Kingdom, and the United States signed in 1942. To put the substance of that agreement in a few words, this agreement provides for allocations of wheat exports between the exporting countries. . . for limiting the size of stocks. . . for expanding consumption through contributions for relief and in other ways. . . and for stabilizing international wheat prices at a level which will probably be substantially lower than the United States level. The agreement is not now and never has been in full force and effect. It's an interim agreement . . . a sort of world wheat charter and ready to place before a truly representative international meeting when the time arrives.

KADDERLY: Then, Andy, you think the wheat agreement may furnish a workable pattern for similar agreements on other farm products that countries might sell in the world market but which might not otherwise reach the world market because of the domestic price support policies of the various countries? Would you say this pattern could be applied to products like cotton, or wool, or sugar, or coffee?

CAIRNS: Yes, I would. For a limited number of situations, it is the best type of mutual assistance developed so far to meet the kind of dilemma Bob has been describing.

SCHWENGER: I'd agree with that. Of course, the agreements must be used to expand trade as much as possible. A large volume of foreign trade is the strongest support we can put under world peace. As I see it, expansion of world trade in farm products must be based on the proposition of having each country sell to the rest of the world the things it can produce to best advantage. And to make this work, there has to be fairly close economic cooperation among the peace-loving nations of the world.

KADDERLY: Well, gentlemen, you've thrown out some ideas here that I hope will help all us understand some of the principles -- and the problems, too . . . that go along with the business of selling our farm products in world markets.

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ANNOUNCER: (LIVE)

In this discussion of world trade in farm products after the war, you've heard Andrew Cairns, of Canada, Secretary of the International Wheat Council; and Robert B. Schwenger and Wallace Kadderly of the United States Department of Agriculture. If you'd like more information on buying and selling farm products, abroad, see your county agricultural agent or write to the United States Department of Agriculture, Washington, D. C. Ask for the discussion guide on World Trade.